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**THIRTY-THIRD JUDICIAL DISTRICT INDIGENT DEFENDER BOARD
ALLEN PARISH, LOUISIANA**

Annual Financial Report
For the Year Ended December 31, 1995
(With Compilation Report Thereon)

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under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-24-96

**THIRTY-THIRD JUDICIAL DISTRICT INDIGENT DEFENDER BOARD
ALLEN PARISH, LOUISIANA**

General Purpose Financial Statements
For the Year Ended December 31, 1995

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**THIRTY-THIRD JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD
ALLEN PARISH, LOUISIANA**
Post Office Box 496
Oberlin, Louisiana 70655

June 26, 1996

Office of Legislative Auditor
Attention: Ms. Dorothy Milner
1600 North Third
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Ms. Milner:

In accordance with Louisiana Revised Statute 24:514, enclosed are the annual financial statements for the Thirty-Third Judicial District Indigent Defender Board of Allen Parish, Louisiana, as of and for the year ended December 31, 1995. These financial statements are composed of a General Fund which accounts for the operations of the board's office.

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles.

Sincerely,



Shirley Brady,
Secretary/Treasurer

TOM MILHOAN
Certified Public Accountant

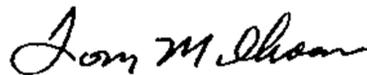
Member:
American Institute of Certified Public Accountants
Society of Louisiana Certified Public Accountants

109 North Eleventh Street
Oakdale, Louisiana 71463
(318)335-0495

Thirty-Third Judicial District
Indigent Defender Board
Allen Parish, Louisiana

I have compiled the accompanying general purpose financial statements of the Thirty-Third Judicial District Indigent Defender Board of Allen Parish, Louisiana as of and for the year ended December 31, 1995, as listed in the table of contents, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.



Tom Milhoan, CPA
June 26, 1996

**THIRTY-THIRD JUDICIAL DISTRICT INDIGENT DEFENDER BOARD
ALLEN PARISH, LOUISIANA**

Balance Sheet
Governmental Fund - General Fund
December 31, 1995

Assets	
Cash and Cash Equivalents	\$ 84,220
Accounts Receivable	<u>4,997</u>
Total Assets	<u>\$ 89,217</u>
Liabilities and Fund Equity	
Liabilities:	
Payroll Taxes Payable	\$ 98
Accounts Payable	<u>630</u>
Total Liabilities	728
Fund Equity:	
Fund Balance Unreserved - Undesignated	<u>88,489</u>
Total Liabilities & Fund Equity	<u>\$ 89,217</u>

See accompanying notes and accountant's report.

**THIRTY-THIRD JUDICIAL DISTRICT INDIGENT DEFENDER BOARD
ALLEN PARISH, LOUISIANA**

Statement of Revenues, Expenditures, and Changes
in Fund Balance - Governmental Fund Type

For the Year Ended December 31, 1995

	<u>December 31, 1995</u>
Revenues	
Court Costs on Fines and Forfeitures	\$ 83,135
Interest Earned	<u>1,657</u>
 Total Revenues	 <u>84,792</u>
Expenditures	
General Government - Judicial:	
Professional Services	45,913
Office Expense	256
Insurance	630
Payroll Taxes	<u>83</u>
 Total Expenditures	 <u>46,882</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 37,910
 Fund Balance at Beginning of Year	 <u>50,579</u>
 Fund Balance at End of Year	 <u>\$ 88,489</u>

See accompanying notes and accountant's report.

**THIRTY-THIRD JUDICIAL DISTRICT INDIGENT DEFENDER BOARD
ALLEN PARISH, LOUISIANA**

Notes to the Financial Statements

December 31, 1995

INTRODUCTION

The Thirty-Third Judicial District Indigent Defender Board, established in compliance with Louisiana Revised Statutes 15:144-149, provides counsel to represent indigents (needy individuals) in criminal and quasi-criminal cases at the district court level. The judicial district encompasses Allen Parish, Louisiana. The Board is composed of three members who are appointed by the district court. The Board members serve without compensation. Revenues to finance the Board's operations are provided primarily from court costs on fines imposed by the various courts within the district.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying general purpose financial statements of the Thirty-Third Judicial District Indigent Defender Board have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

For financial reporting purposes, the Board is a part of the district court system of the State of Louisiana. The state statutes that create the boards give each of the boards control over all their operations. This includes the hiring and retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursement of funds. The Board reports as an independent reporting entity and the financial statements include only the transactions of the Thirty-Third Judicial District Indigent Defender Board.

C. FUND ACCOUNTING

The Board uses a fund (General Fund) to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

(continued)

**THIRTY-THIRD JUDICIAL DISTRICT INDIGENT DEFENDER BOARD
ALLEN PARISH, LOUISIANA**

Notes to the Financial Statements

December 31, 1995

A fund is a separate accounting entity with a self-balancing set of accounts for the General Fund. The General Fund is the principal fund of the Board and accounts for the operations of the Board's office. The Board's primary source of revenue is court costs from fines and forfeitures. General operating expenditures are paid from this fund.

D. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The General Fund is accounted for using a flow of current financial resources measurement focus. The accompanying general purpose financial statements have been prepared on the modified accrual basis of accounting. The General Fund uses the following practices in recording revenues and expenditures:

Revenues

Court costs on fines and forfeitures are imposed by the district and city courts and are recorded in the year they are distributed by the appropriate courts.

Interest on revenue is reported in the year in which it is earned.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

E. BUDGET PRACTICES

The Board did not adopt a budget for the General Fund. Therefore, the financial statements do not reflect a comparison of revenues and expenditures to budget.

(continued)

**THIRTY-THIRD JUDICIAL DISTRICT INDIGENT DEFENDER BOARD
ALLEN PARISH, LOUISIANA**

Notes to the Financial Statements

December 31, 1995

F. CASH

Cash includes amounts in interest-bearing demand deposits. Under state law, the Board may deposit funds in demand deposits, interest bearing demand deposits, and money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. At December 31, 1995, the Board had cash and cash equivalents totaling \$84,220 as follows:

	<u>Dec 31, 1995</u>
Demand Deposits	\$ 44,220
Time Deposits	<u>40,000</u>
Total	<u>\$ 84,220</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by Federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market values of the pledged securities plus the Federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. The deposits (collected bank balances) at December 31, 1995 are fully secured by Federal deposit insurance.

G. FIXED ASSETS

No fixed assets are owned by the Board.

2. LITIGATION AND CLAIMS

At December 31, 1995, the Board is not involved in any lawsuits.

3. LEASES

The Board does not have any capital or operating leases at December 31, 1995.

**THIRTY-THIRD JUDICIAL DISTRICT INDIGENT DEFENDER BOARD
ALLEN PARISH, LOUISIANA**

Supplemental Information

For the Year Ended December 31, 1995

Schedule of Per Diem Paid Commissioners

	<u>1995</u>
Hugh J. Cunningham	\$ -0-
John E. Demoruelle	-0-
Robert D. Maggard	-0-
Ray Rush	<u>-0-</u>
 Total	 <u>\$ -0-</u>

The Schedule of Per Diem Paid to Commissioners was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Louisiana Revised Statute 33:4564(B) provides that the Board of Commissioners receive a per diem of \$10 for each meeting they attend, but must not be paid for more than 12 meetings in each year. The members of the Board elected not to receive a per diem for attending meetings during the year ended December 31, 1995.

TOM MILHOAN
Certified Public Accountant

Member:
American Institute of Certified Public Accountants
Society of Louisiana Certified Public Accountants

109 North Eleventh Street
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Independent Accountant's Report
on Applying Agreed-Upon Procedures

Thirty-Third Judicial District
Indigent Defender Board
Allen Parish, Louisiana

I have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of the Thirty-Third Judicial District Indigent Defender Board of Allen Parish, Louisiana and the Legislative Auditor, State of Louisiana solely to assist the users in evaluating management's assertions about the Board's compliance with certain laws and regulations during the year ended December 31, 1995, included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$5,000, or public works exceeding \$50,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

There were no expenditures during the year for material and supplies exceeding \$5,000, or public works exceeding \$50,000.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each Board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all Board members and employees as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with all payroll records.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list of employees provided by management [agreed-upon procedure (3)] appeared on the list provided by management in agreed-upon procedure (2).

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

The Board did not adopt a budget for the General Fund. Therefore, the financial statements do not reflect a comparison of revenues and expenditures to budget.

6. Trace the budget adoption and amendments to the minute book.

See No. 5 above.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues or expenditures exceed budgeted amounts by more than 5%.

See No. 5 above.

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and:

- (a) trace payments to supporting documentation as to proper amount and payee;

I examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- (b) determine if payments were properly coded to the correct fund and general ledger account;
and

The six payments were properly coded to the correct fund and general ledger account.

- (c) determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated approvals from the accountant and the chairman of the Board of Commissioners. In addition, each of the disbursements were traced to the boards minute book where they were approved by the full commission.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

The Indigent Defender Board is only required to post a notice of each meeting and the accompanying agenda at the Allen Parish Courthouse. Although management has asserted that such documents were properly posted, I could find no evidence supporting such assertion other than an unmarked copy of the notices and agendas.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of banks loans, bonds, or like indebtedness.

I inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advance, or gifts.

A reading of the minutes of the district for the year indicated no approval for the payments noted. I also inspected payroll records for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

I was not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of the Thirty-third Judicial District Indigent Defender Board and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the efficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.



Tom Milhoan, CPA
June 26, 1996

TOM MILHOAN
Certified Public Accountant

Member:
American Institute of Certified Public Accountants
Society of Louisiana Certified Public Accountants

109 North Eleventh Street
Oakdale, Louisiana 71463
(318)335-0495

June 26, 1996

PRIOR COMMENTS AND RECOMMENDATIONS

Thirty-Third Judicial District
Indigent Defender Board
Allen Parish, Louisiana

In connection with the audit of the general purpose financial statements of the Thirty-Third Judicial District Indigent Defender Board as of December 31, 1994, and for the years ended December 31, 1994 and 1993 by the Legislative Auditor, State of Louisiana, the following material internal control weaknesses were reported:

- "In 1993, five checks totaling \$11,556 were received and deposited from 7 to 22 days after the checks were dated. In 1994, ten checks totaling \$39,148 were received and deposited from 8 to 19 days after the checks were dated."
- "In 1993, we noted 11 of 58 checks written did not have the required two signatures. In 1994, we found 4 of the 48 checks did not have the required signatures."
- "The secretary-treasurer opens the mail, prepares deposits, makes deposits, writes and signs checks, receives and opens bank statements and provides financial information to the accountant for posting without any supervision from board members."
- "The secretary-treasurer is not bonded."

The following was noted during the compilation/attestation engagement as of and for the year ended December 31, 1995:

- Subsequent to January 30, 1995 documentation indicated that checks received were deposited within three to five days after receipt.
- Subsequent to January 30, 1995 canceled checks had two signatures.
- The secretary-treasurer opens the mail, prepares deposits, and makes deposits. The secretary-treasurer prepares checks subject to board approval and the checks are cosigned by a board member. The secretary-treasurer also receives and opens bank statements and provides financial information to the accountant for posting.

Exhibit A

RECOMMENDATION

The board should prepare an annual budget. The budget determines the nature and scope of most governmental fund financial operations by setting the amounts sources of estimated revenues against the amounts and purposes of authorized expenditures. By preparing a budget and comparing actual revenues and expenditures with budgeted amounts on a monthly/periodic basis, the Board would be in a better position to plan, control, and monitor the use of its resources.

- At the January 26, 1995 meeting, the Board passed a motion authorizing district to obtain a surety bond in the amount of \$80,000 for the secretary-treasurer. The bond was secured and is currently in effect.

In connection with the audit of the general purpose financial statements of the Thirty-Third Judicial District Indigent Defender Board as of December 31, 1994, and for the years ended December 31, 1994 and 1993 by the Legislative Auditor, State of Louisiana, the following violations of laws and regulations along with recommendations were reported:

- Oaths of Office

"Two board members of the Thirty-Third Judicial District Indigent Defender Board failed to take the oath of office. The remaining member took the oath but did not record the oath with the clerk of court. Louisiana Revised Statute (LSA-R.S.) 42:141 requires each public officer, within 30 days after receipt of his commission, to take the oath of office. In addition, LSA-R.S. 42:162 states that the oath is to be recorded with the clerk of court within one month of the oath being taken.

We recommend that all board members take a current oath of office and have the oath recorded as required by law. In a letter dated January 30, 1995, Shirley Brady, Secretary-Treasurer, stated that 'All board members have since taken their oath of office and the oaths are being recorded in the Allen Parish Clerk of Court's office.' "

- The oaths of office have been record in Allen Parish Clerk of Court's office.

- Advance Payments

"The Thirty-Third Judicial District Indigent Defender Board made contract payments to the secretary-treasurer and attorneys before services were performed. Article 7, Section 14 of the Louisiana Constitution of 1974 prohibits any state agency or political subdivision from loaning, pledging, or donating public funds to any person, association, or

corporation, public or private. For the two years ending December 31, 1994, the board made payments totaling \$64,600 on the first of the month for services to be performed during that month to its secretary-treasurer and contracting attorneys.

Because of management's lack of understanding of certain provisions of the state constitution, it made advance payments or loans to the secretary-treasurer and contracting attorneys for work not yet performed. As a result, the Board is not in compliance with certain provisions of the state constitution. Also, there are increased risks for cash flow problems and payments being made for work never performed.

We recommend that the board discontinue making advance payments for contractual services. In a letter dated January 30, 1995, Shirley Brady, Secretary-Treasurer, stated that 'The board stopped making advance payments as of January, 1995.' "

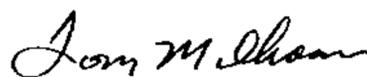
- Subsequent to January 30, 1995, documentation indicated that no advance payments were made to the secretary-treasurer or contracting attorneys.

- Annual Financial Statements

"For the second consecutive audit, the Thirty-Third Judicial Indigent Defender Board did not prepare or file annual financial statements. Louisiana Revised Statute (LSA-R.S.) 24:514 requires the board to file annual financial statements with the legislative auditor within 90 days of the close of its fiscal year. As a result of not filing financial statements, the board is depriving itself and taxpayers of timely information on its transactions and finances.

We recommend that the board comply with LSA-R.S. 24:514 to issue and file its annual financial statements with the legislative auditor within 90 days of the close of the board's fiscal year. In a letter dated January 30, 1995, Shirley Brady, Secretary-Treasurer, stated that 'The Indigent Defender Board has employed the services of a certified public accountant and the financial statements will be filed timely.' "

- The board anticipates timely filing its compilation/attestation report for the fiscal year ended December 31, 1995 in accordance with LSA-R.S. 24:514 as amended.



Tom Milhoan, CPA
June 26, 1996